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From Vacant Factories To the Latest Luxuries

By **CHUCK GREEN**

Steve Balcerovich thought he'd live overlooking a golf course outside of Denver forever. But then the 43-year-old lobbyist decided to move closer to his job and friends in downtown. "I always envisioned growing old on a golf course, but realized I wanted to be closer to the action, to be able to walk to cafes and sports events," he says.

While Mr. Balcerovich may have sacrificed a view of a velvety fairway, he believes he made the right decision to move to a new two-bedroom, 1,900-square-foot condominium in the former Silver State Laundry building. The historic structure dates to 1911 and is in Denver's Ballpark Neighborhood north of the city center.

For several decades, former factories and warehouses in large cities have been converted in an informal manner into lofts, often for use by artists as living and working space. But more recently, the trend has taken a decidedly luxury turn, with old buildings in cities around the U.S. being bought by developers who then turn part or all of the space into well-appointed condominiums or apartments. Mr. Balcerovich's building, now called Silver State Lofts, is an adaptive-reuse project completed about 18 months ago. It has 39 condominiums, averaging about 1,000 square feet each and selling for approximately \$300 per square foot. The last available unit recently sold.

"Some people love the charm of living in an old building," says Brad Buchanan, a partner in Buchanan Yonushewski Group LLC, a Denver-based architectural and construction firm that paid \$2.7 million for the Silver State Laundry building and spent an additional \$7.5 million to transform it. "And the neighbors loved the fact we were saving a historic resource," he adds.

Mr. Balcerovich says he liked the idea of living in a historic structure where he felt he could flex some creative muscle. "I wanted a building that wasn't renovated yet so I could do my own design ideas," he says.

Mr. Balcerovich has spent about \$150,000 on upgrades, including granite counter tops, stainless-steel appliances and two dishwashers in the kitchen, walnut flooring and a spiral staircase leading to a rooftop deck. "This was going to be the one place in my life where I would design something the way I wanted," says Mr. Balcerovich.



When he peers out of his unit's extra-large windows, he can see Denver's downtown skyline, the Rocky Mountains and Coors Field, home of Major League Baseball's Colorado Rockies. The stadium is about two blocks away, which helped pique Buchanan Yonushewski's interest in the building.

"It was in the Ballpark Neighborhood, which we saw as an area really starting to pick up," says Mr. Buchanan. The structure also had "good bones." "It was a real attractive exterior and interior, dating back to 1911," says Mr. Buchanan, despite the fact that the building had "gone through some serious damage in terms of what folks had done to it repair-wise, and there was lots of deferred maintenance. It was just falling apart."

The building's history attracted 25-year-old architects Beth and Zach Huffman, who purchased a one-bedroom unit there about a year ago. Ms. Huffman works for the firm that designed the building's makeover, and although she didn't participate in the redesign, she and her husband did receive a small discount on their unit.

"We weren't even sure we were going to buy. We picked it because it's a historic building and it's kind of right on the edge of development, which we wanted for investment purposes," says Ms. Huffman.

The Huffmans say they also like living in a "genuine loft" built around the historical building's features as opposed to what Ms. Huffman calls "pseudo lofts." "They basically expose the mechanical equipment and call it a loft. But it's really just a condo with exposed ductwork. This is more authentic," she says.

The 50,000-square-foot Silver State Lofts is 5,000 square feet larger than the original building. Its age and structural characteristics presented certain design challenges, says Mr. Buchanan.

For example, the structure was built in three phases between 1911 and the mid-1930s. There's one structure per phase: one made of steel, one of wood and one of concrete. "Connecting those three buildings together, using today's [building] codes, in terms of safety and structural requirements, was a challenge. The codes today, obviously, are much more stringent than they were in the 1920s," says Mr. Buchanan.

Adding a penthouse to a portion of the building, which created a third floor, also required extra attention. To support the additional load capacity, the center section of the structure was lifted for several months while a new basement, foundation and structure were dug. The building then was set back down on the finished work.



The former Silver State Laundry building, converted to loft condominiums, near downtown Denver in 2004.

Elbra Wedgeworth, president of the Denver City Council and representative of the Eighth District, where Silver State is located, believes the building, as well as other residential and commercial reuse projects completed or underway in Denver, are a boon to the community.

"They're a renaissance, and that's exciting, because it's kind of spreading from downtown to the industrial area in other parts of the neighborhood. You're creating newer neighborhoods," says Ms. Wedgeworth.

As a Denver native, she considers the rejuvenation of the Silver State building, where 10% of the space was designated as affordable-housing units, and

other properties especially meaningful.

"I remember when it was a derelict building. A lot of these buildings have not been used for many years, so to see them now being used and to have younger people and empty nesters and other folks

downtown, is exciting," she says.

The city provided a \$1 million Fannie Mae line of credit to Buchanan Yonushewski for the Silver State project and has provided various degrees of financial assistance for other local projects. "It's money well spent," says Ms. Wedgeworth. "We're trying to create private/public partnerships for development because we know, with the economic times, we need to create those opportunities, and sometimes the developer can't do it alone and needs city assistance."

Given that the building required major rehabilitation and was far from completed when he saw it initially, Mr. Balcerovich believes he was fortunate to have realized its potential.

"[When I first saw the Silver State building], there were garage doors, cement on the brick, and the roof was pretty much in decay. It was a mess. You need to have vision and patience," he says, admitting that sometimes his wore thin because of the additional expenses involved in finishing this type of project compared to a suburban house.

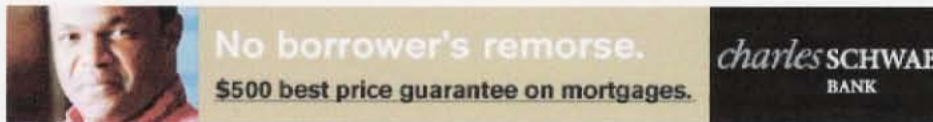
However, like the Huffmans, Mr. Balcerovich believes it was money well spent. "Because it's a historic building, I hope it will hold its value, or even appreciate."

Ms. Wedgeworth believes reuse projects like Silver State Lofts reflect the city's appreciation of its history and are a catalyst for its future.

"Based on projects like [Silver State Lofts], other people, like developers, are investing in the area, which results in more people who want to live, work and play downtown," says Ms. Wedgeworth.

-- Mr. Green is a free-lance writer in Chicago.

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